

**Champion, Chris**

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**From:** RMedlin@fruit.com  
**Sent:** Monday, December 18, 2006 8:23 AM  
**To:** Andy  
**Cc:** Champion, Chris  
**Subject:** Re: MEDIATION

Andy,

I am not sure I understand why you are offering to mediate this situation. Let me remind you that we have never acknowledged that a contract exists between Russell/RLA and Premium. As you are aware Premium's current pricing is not competitive with our internal costs. The fact that remaining in Premium would cost our company millions of dollars is why we decided to shift production out of your facility.

Having said that, I want to make sure that I fully understand Premium's current offer to resolve this situation. My e-mail to you of December 2 outlines the current options that Russell has offered to Premium. Please e-mail me as soon as possible with details of Premium's position on what it would take to resolve this dispute at this point. As a sign of good faith in attempting to resolve this matter, I will agree to extend our current production arrangement through January 31, 2007 to allow us more time to try to reach a compromise.

**REDACTED**